

OTUASEKAN RURAL BANK LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER, 2017

	<u>2017</u> GH¢	<u>2016</u> GH¢
Interest Income	14,751,268	12,968,388
Interest Expense	<u>(1,853,707)</u>	<u>(1,536,901)</u>
Net Interest Income	12,897,561	11,431,487
Commission and Fees	1,252,086	1,150,326
Other Income	<u>148,162</u>	<u>124,683</u>
Total Income	14,297,810	12,706,496
Loan Impairment Charge	(60,043)	(150,000)
Personnel Expenses	(5,474,359)	(4,542,763)
Depreciation	(574,132)	(361,341)
Operating Expenses	<u>(5,513,448)</u>	<u>(4,539,881)</u>
Profit Before Taxation	2,675,827	3,112,510
Taxation	(382,466)	(999,383)
Net profit after taxation	<u>2,293,362</u>	<u>2,113,127</u>

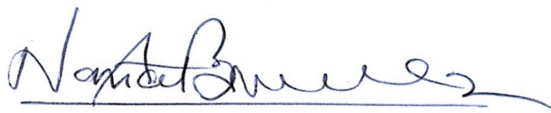
OTUASEKAN RURAL BANK

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER, 2017

	<u>2017</u>	<u>2016</u>
	GH¢	GH¢
<u>Assets</u>		
Cash and Bank Balances	7,713,845	9,246,234
Non-Pledged Trading Assets	30,203,988	20,735,821
Loans & Advances	20,750,670	18,629,644
Investment Securities	53,704	53,704
Other Assets	6,356,620	3,977,829
Deferred tax-Asset	182,549	-
Property, Plant and Equipment	2,869,952	2,423,295
Total Assets	<u>68,131,329</u>	<u>55,066,527</u>
<u>Liabilities</u>		
Deposits, current and other Accounts	56,051,927	45,487,590
Other accounts and liabilities	1,680,322	906,006
Taxation	90,153	134,506
Borrowings	8,850	8,850
Deferred tax liability	-	283,659
Total Liabilities	<u>57,831,252</u>	<u>46,820,611</u>
<u>Shareholder's Fund</u>		
Stated Capital	1,756,488	1,475,281
Retained Earnings	6,154,220	5,241,410
Statutory Reserve Fund	2,038,946	1,465,606
Capital Surplus	63,619	63,619
Development Fund	286,804	-
Total Shareholders' Fund	<u>10,300,077</u>	<u>8,245,916</u>
Total liabilities and shareholders' fund	<u>68,131,329</u>	<u>55,066,527</u>

Approved by the Board of Directors on 28th March, 2018 and signed on its behalf by:

DIRECTOR:



DIRECTOR:



OTUASEKAN RURAL BANK

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER

Cash Flows from Operating Activities	<u>2017</u> GH¢	<u>2016</u> GH¢
Profit before Tax	2,675,827	3,112,510
Depreciation & Amortisation	574,132	361,341
Cash Flows from Operating activities before changes in operating Assets & Liabilities	3,249,960	3,473,851
 <u>Changes in Operating Assets & Liabilities</u>		
Change in Loans and Advances to Customers	(2,121,026)	(973,448)
Change Other Assets	(2,378,791)	(1,507,040)
Change in Deposits and Current Account	10,564,337	6,682,030
Funds applied	0	0
Change in other liabilities account	774,316	(4,345)
	10,088,795	7,671,048
Tax paid	(893,027)	(642,585)
Net Cash generated from operating Activities	9,195,768	7,028,463
 <u>Cash Flows from Investing Activities</u>		
Purchase of Property and Equipment	(1,020,790)	(1,041,850)
Purchase of Treasury bills and other eligible bills	(9,468,167)	(4,363,116)
Dividend paid	(520,407)	(163,310)
Net Cash used in Investing Activities	(11,009,364)	(5,568,276)
 <u>Cash flows from financing Activities</u>		
Additional Shares Issued	281,207	785,832
Net Cash used in Financing Activities	281,207	785,832
Net (decrease)/Increase in Cash and Cash Equivalent	(1,532,389)	2,246,019
Cash and Cash Equivalent at beginning of period	9,246,234	7,000,215
Cash and Cash Equivalent at end of the year	7,713,845	9,246,234

OTUASEKAN RURAL BANK

STATEMENT OF CHANGES IN EQUITY

<u>2017</u>	<u>STATED CAPITAL</u> GH¢	<u>RETAINED EARNINGS</u> GH¢	<u>STATUTORY RESERVE FUND</u> GH¢	<u>CAPITAL SURPLUS</u> GH¢	<u>DEVELOPMENT FUND</u> GH¢	<u>TOTAL</u> GH¢
At 1 January, 2017	1,475,281	5,241,410	1,465,606	63,619		8,245,916
Profit for the year	-	2,293,362	-	-		2,293,362
Dividend Paid	-	(520,407)	-	-		(520,407)
Issue of additional shares	281,207	-	-	-		281,207
Transfer to Statutory Reserve	-	(573,340)	573,340	-		-
Transfer to Dev't Fund	-	(286,804)	-		286,804	-
At 31 December, 2017	1,756,488	6,154,220	2,038,946	63,619	286,804	10,300,077
<u>2016</u>						
At 1 January, 2016	689,449	3,819,875	937,324	48,805		5,495,453
Profit for the year	-	2,113,127	-	-		2,113,127
Dividend Paid	-	(163,310)	-	-		(163,310)
Issue of additional shares	785,832	-	-	-		785,832
Transfer to Statutory Reserve	-	(528,282)	528,282			
Apex bonus shares - 2010				14,814		14,814
At 31 December, 2016	1,475,281	5,241,410	1,465,606	63,619		8,245,916

Reporting entity

Otuasekan Rural Bank Limited is a bank incorporated in Ghana. The address of the Bank's registered office is: Kofiase Ashanti, P. O BOX MA339, Mampong Ashanti.

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 1963 (Act 179) and the Banks and Specialised Deposit – Taking Institutions Act, 2016 (Act 930).

Functional and presentation currency

These financial statements are presented in Ghana Cedi, which is the Bank's functional currency.

Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Bank's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Significant accounting policies

The principal accounting policies applied in the preparation of these condensed financial statements are consistent with the accounting policies applied in the audited financial statements of the bank. These policies have been consistently applied to all the years presented, unless otherwise stated.

Risk Management

The Bank's activities expose the business to risks. The Bank has exposure to the following types of risks: credit risk, liquidity risk, market risk and operational risk. These risks are managed professionally and in a targeted manner. The Bank's risk management policies are established to identify and analyze risks faced by the Bank, set appropriate risks limits and controls as well as monitor these risks and adherence to established policies. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered.

Quantitative Disclosures

	2017	2016
	%	%
Capital adequacy ratio	20.47	21.68
Non-performing loans to Gross loans	6.62	5.02
Loan loss provision	6.80	7.23

Defaults in statutory liquidity and accompanying sanctions

	2017	2016
a) Default in statutory liquidity	Nil	Nil
b) Sanctions	Nil	Nil

Report of the Directors

The Directors in submitting to the shareholders the financial statements of the Bank for the year ended 31 December 2017 report as follows:

Directors' Responsibility Statement

The Bank's Directors are responsible for the preparation of the financial statements that give a true and fair view of Otuasekan Rural Bank Limited, comprising statement of financial position at 31 December, 2017, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes.

The Directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The Directors have made an assessment of the Bank's ability to continue as a going concern and have no reason to believe the business will not be a going concern.

The auditor is responsible for reporting on whether the financial statements give a true and fair view in accordance with the applicable financial reporting framework.

Nature of Business

The Bank is authorised by Bank of Ghana to carry on the business of rural banking.

Dividend


The Directors recommend the payment of dividend of GH¢0.0724 per share amounting to GH¢ 572,797.45 for the year ended 31 December, 2017.

Auditor

The auditor, John Allotey & Associates will continue in office in accordance with Section 134(5) and Section 81 of the Banks and Specialised Deposit – Taking Institutions Act, 2016 (Act 930).

Approval of the Financial Statements

The financial statements of the Bank were approved by the board of directors on 28 March 2018 and were signed on their behalf by:



Dr. Nana Akowuah Boamah
(Chairman)



Mr. Issah Mallam Ahmed
(Member)

**Independent Auditor's Report
To the Members of Otuasekan Rural Bank Limited**

Opinion

The condensed financial statements, which comprise the statement of financial position at 31 December 2017, and the statements of comprehensive income, changes in equity and cash flows for the year then ended and related notes, are derived from the audited financial statements of Otuasekan Rural Bank Limited for the year ended 31 December 2017.

In our opinion, the accompanying condensed financial statements are consistent, in all material respects, with the audited financial statements, in accordance with the basis described in the notes.

Condensed Financial Statements

The condensed financial statements do not contain all the disclosures required by International Financial Reporting Standards and in the manner required by the Companies Act 1963, (Act 179) and the Banks and Specialised Deposits-Taking institutions Act, 2016 (Act 930) applied in the preparation of the audited financial statements of Otuasekan Rural Bank Limited. Reading the condensed financial statements and our report thereon, therefore, is not a substitute for reading the audited financial statements and our report thereon. The condensed financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to that date of our report on the audited financial statements.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 5 April 2018. That report also includes the communication of key audit matters. Key audit matters are those matters that in our professional judgement, were of most significance in our audit of the financial statements for the current period.

Directors' Responsibility for the Condensed Financial Statements

The directors are responsible for the preparation of the condensed financial statements in accordance with the basis described in the notes.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the condensed financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

The engagement partner on the audit resulting in this independent auditor's report is: Nana Forkuoh-Ababioh Yentumi (ICAG/P/1154)



**FOR AND ON BEHALF OF: JOHN ALLOTEY & ASSOCIATES:
(ICAG/F/2018/161)
CHARTERED ACCOUNTANTS
PRUDENTIAL PLAZA, ADUM
P O BOX 884
KUMASI**

5TH APRIL 2018.